



**FY19 BUDGET  
STATUS REPORT TO CITY COUNCIL  
WITH PRELIMINARY FINDINGS**

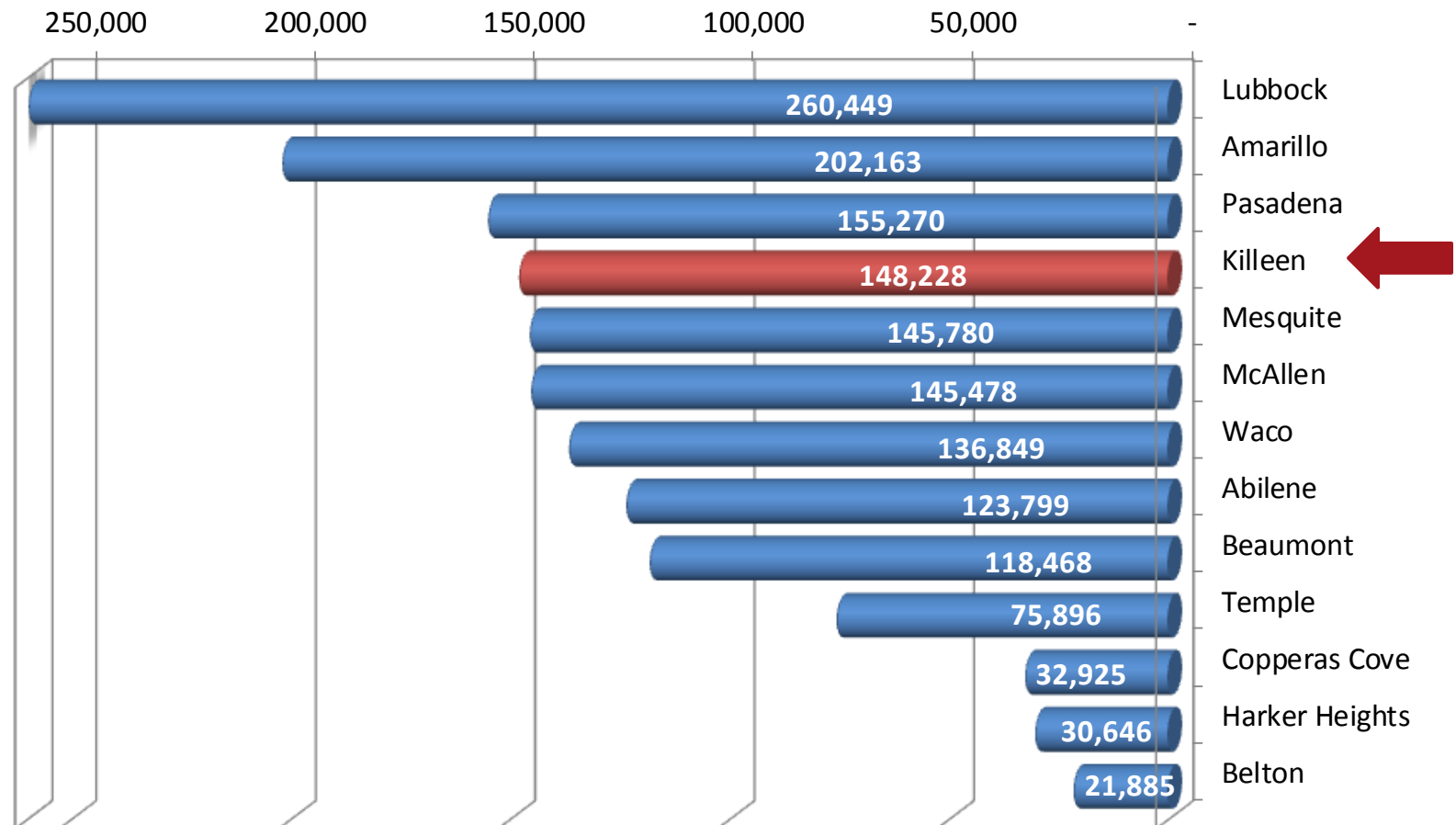
May 22, 2018

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# Population Comparison

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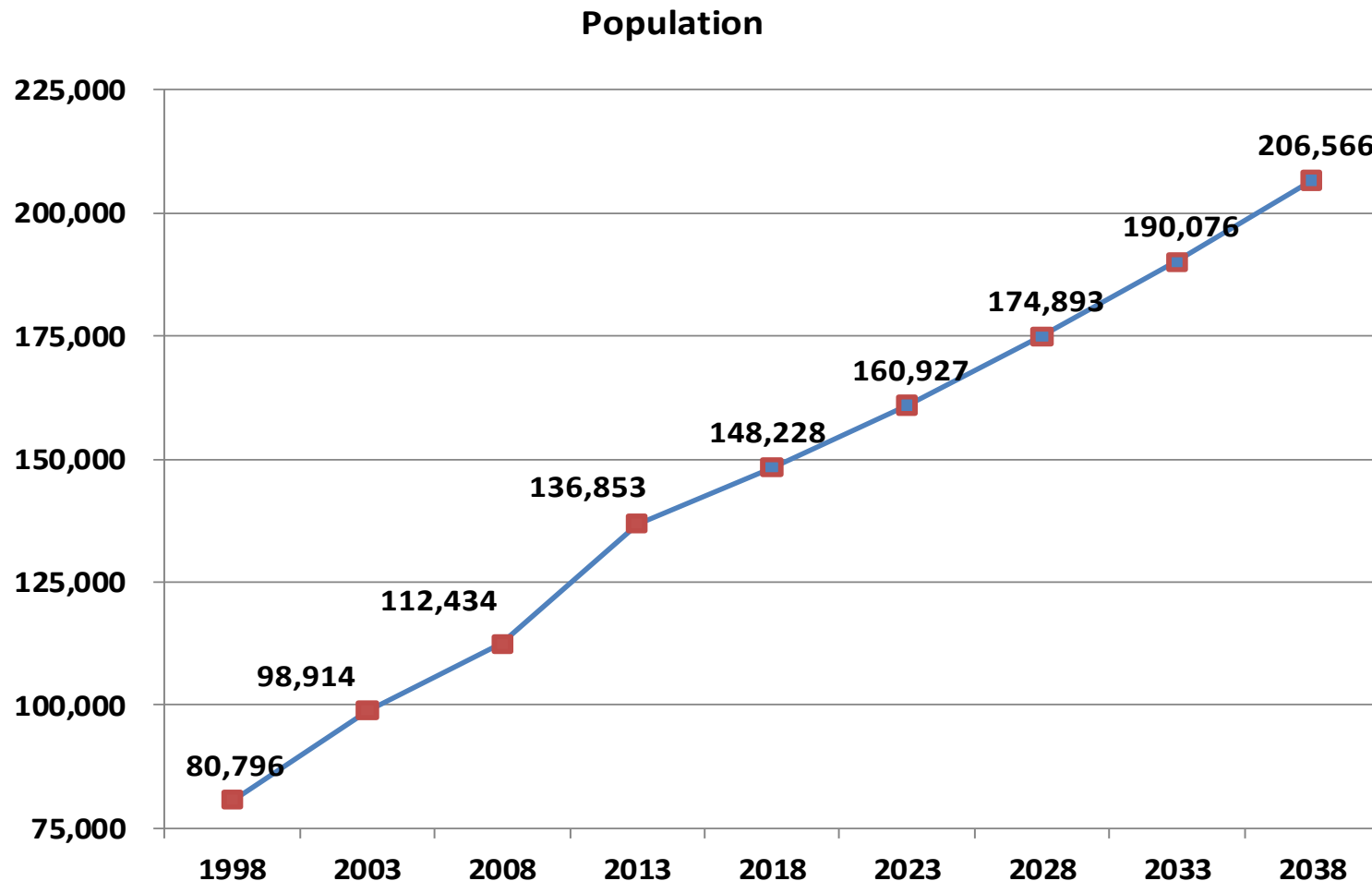
## Population Comparison



Source Document: U.S. Census Bureau, Population Estimates Program (PEP), Updated as of July 1, 2016;  
2018 population estimate calculated using regression analysis

# Killeen Population

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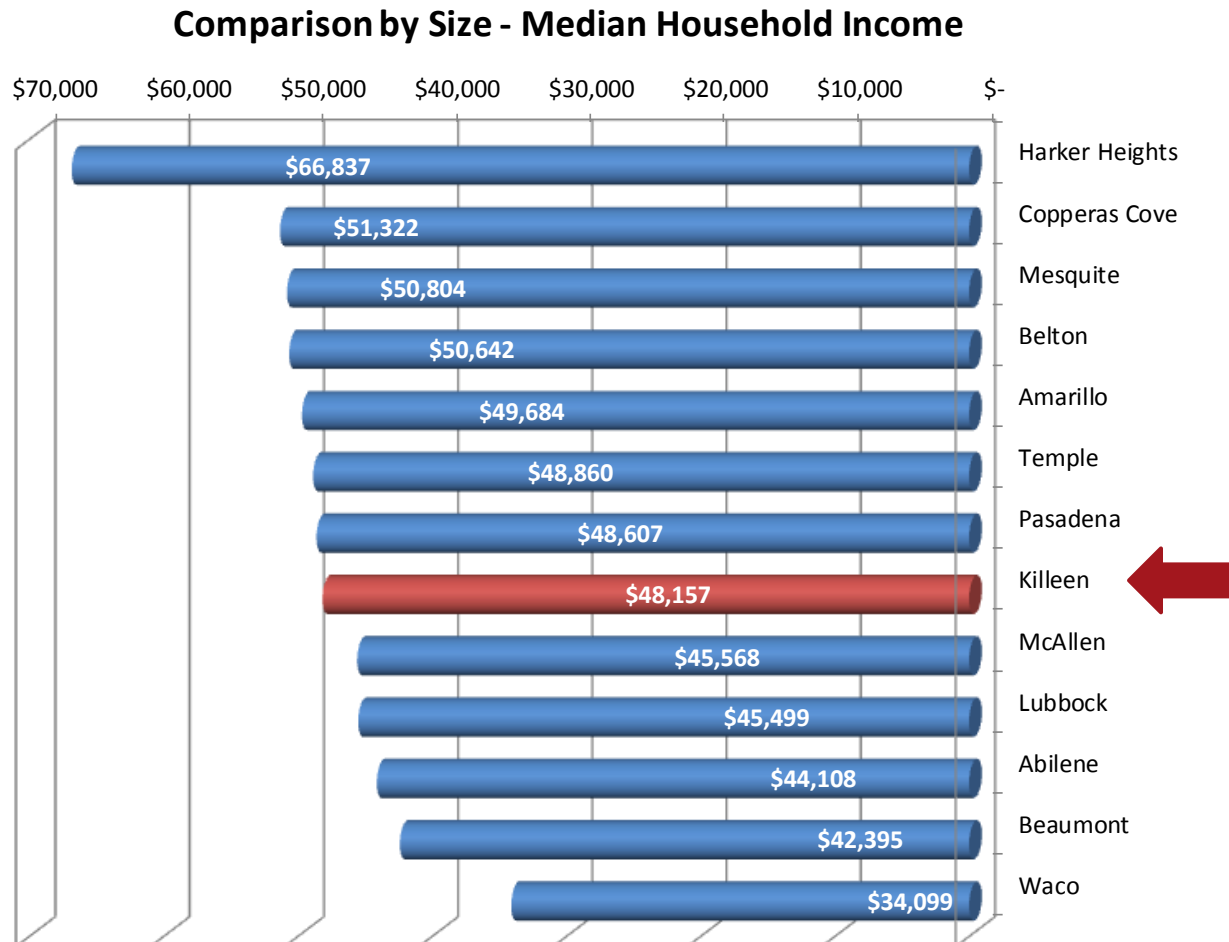


Source Documents: ■ 1998-2016 US Census Bureau; ■ 2017 forward calculated using regression analysis

# Median Household Income Compared to Other Cities

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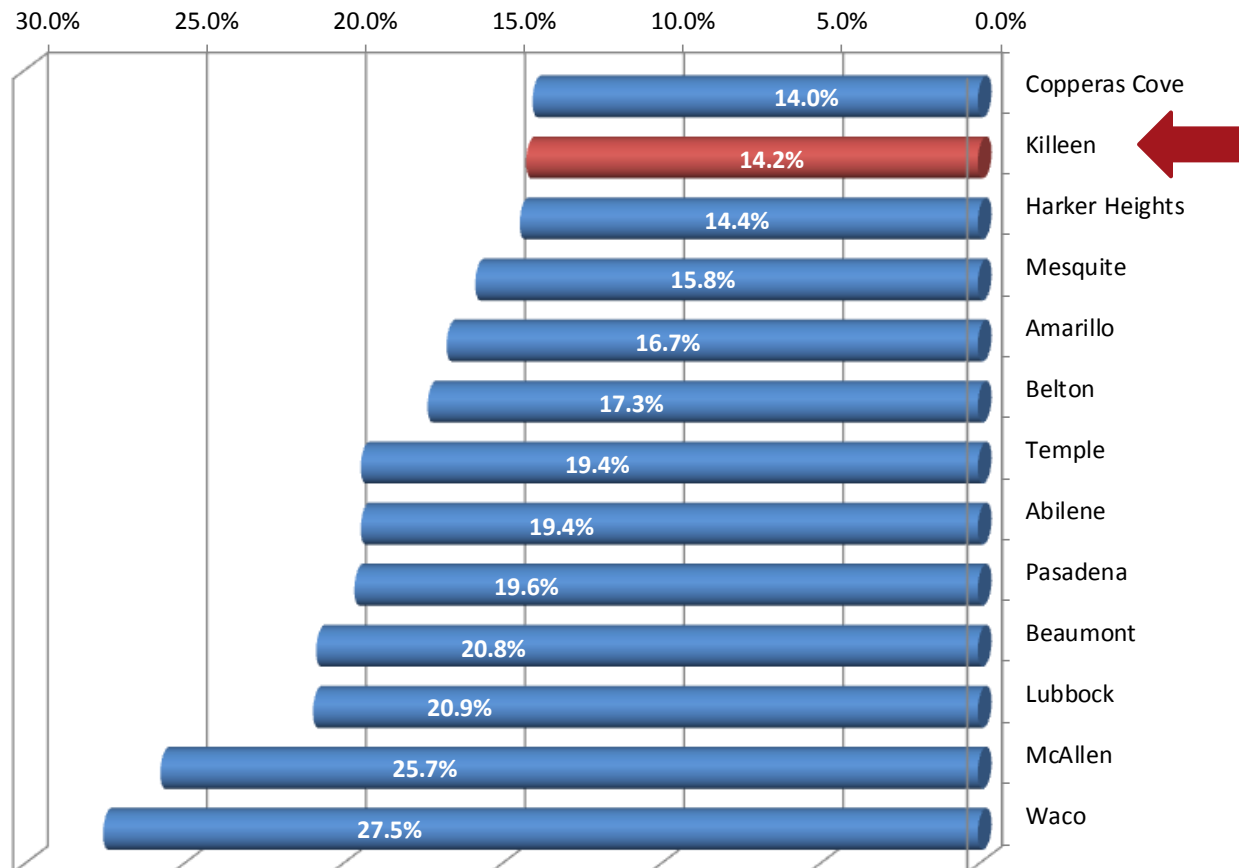
Source Document: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates (in 2016 dollars)

# Percent of Persons Below Poverty Compared to Other Cities

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Comparison by Size - Percent of Persons in Poverty

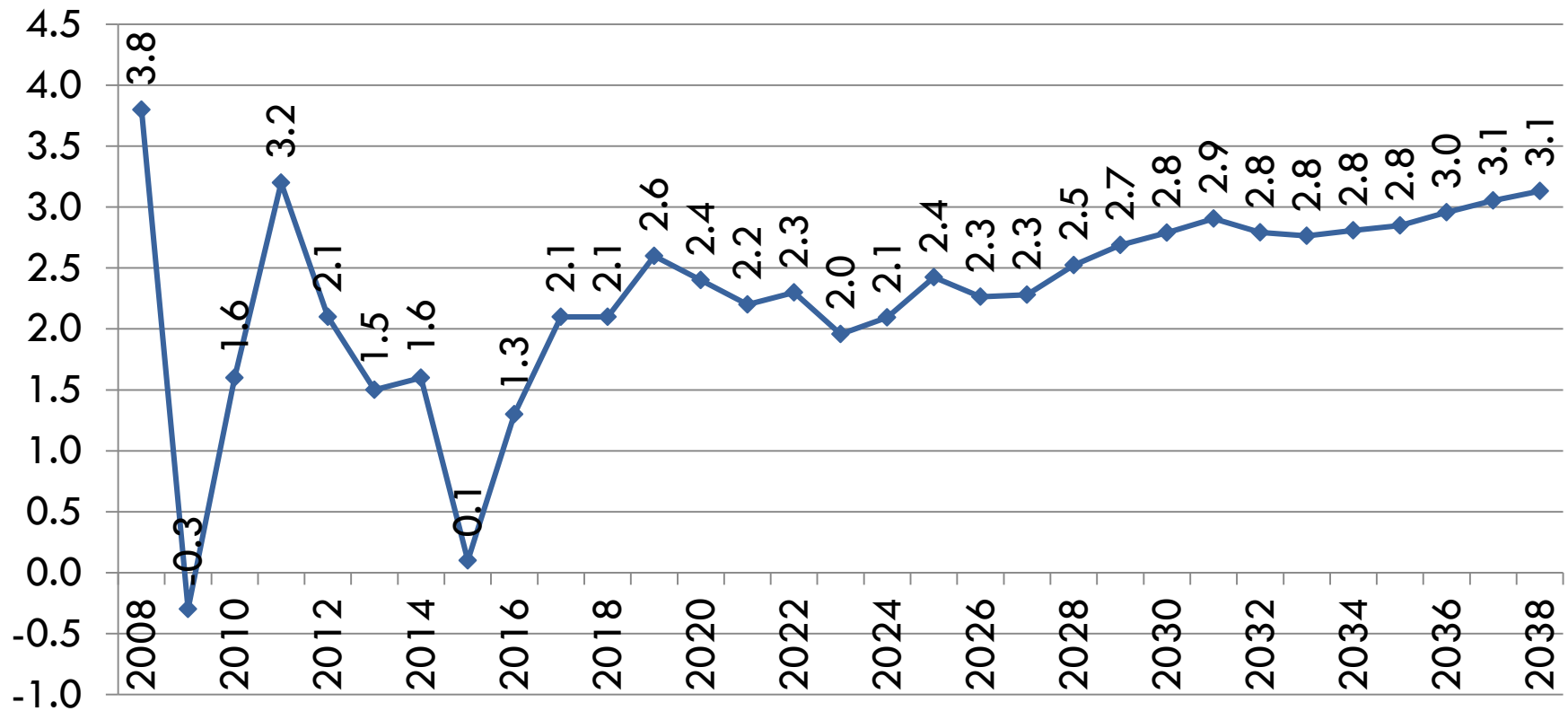


Source Document: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates

# Inflation

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## Annual Inflation Percent



Source Document: 2008-2017 Bureau of Labor Statistics;  
2018-2022 International Monetary Fund US Inflation Forecast;  
2023-2038 regression analysis.

# Funds

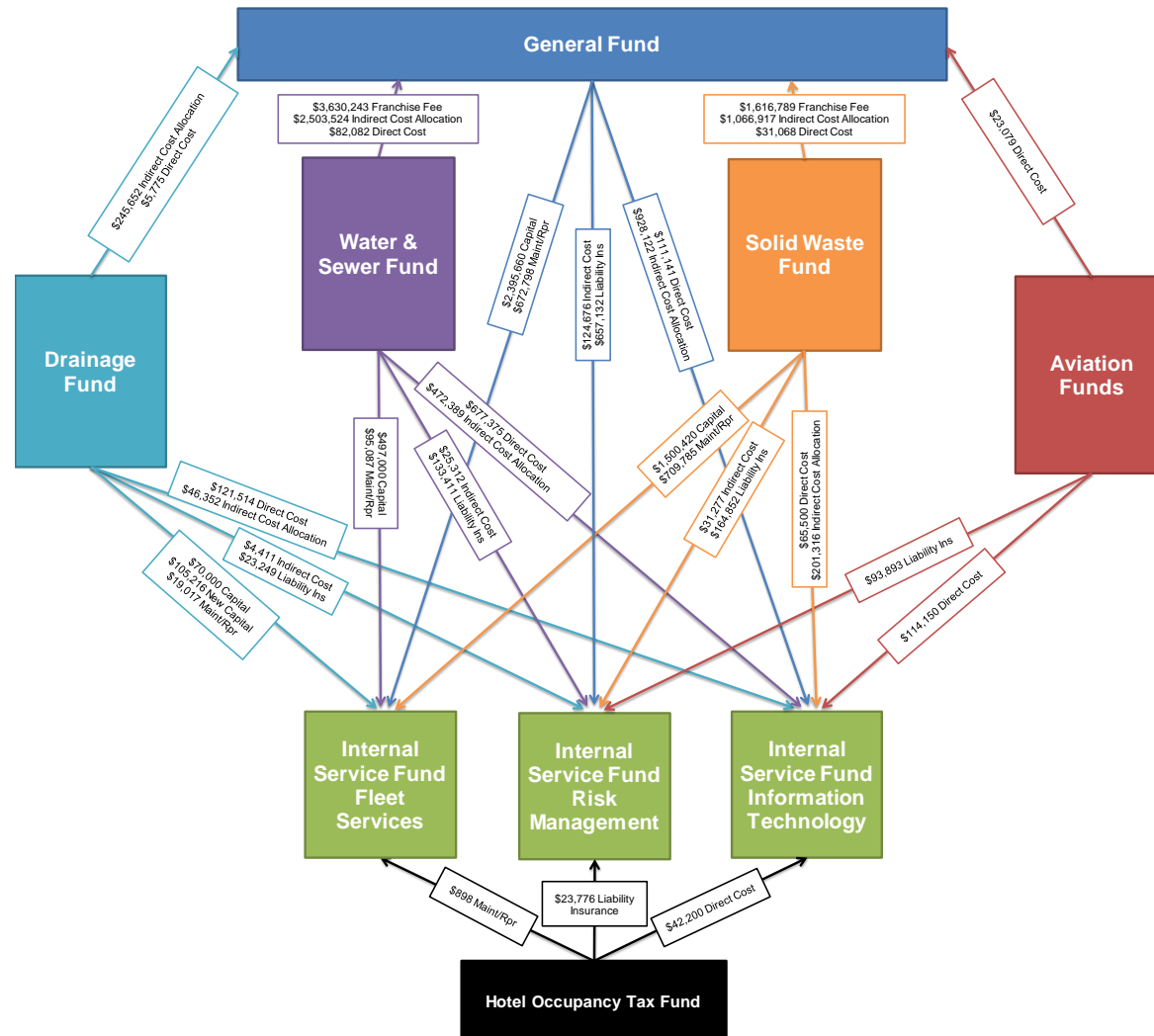
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- Governmental Funds –
  - ▣ General Fund
  - ▣ Debt Service Fund
- Enterprise Funds –
  - ▣ Water & Sewer Fund
  - ▣ Solid Waste Fund
  - ▣ Aviation Funds
  - ▣ Drainage Utility Fund
- Internal Service Funds –
  - ▣ Fleet Service Fund
  - ▣ Risk Management Fund
  - ▣ Information Technology Fund
- Special Revenue Funds –
  - ▣ Hotel/Motel Occupancy Tax Fund
  - ▣ 21 Other Funds

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# FY 2018 Interfund Transfers

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# Mission

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- Mission: Our mission is to provide municipal services and facilities that meet the vital health, safety, and general welfare needs of residents and sustains and improves their quality of life.
- Vision: Best City in the State of Texas in Delivering Municipal Services
- Slogan: *Dedicated Service – Every Day, for Everyone!*
- Values:
  - ▣ Highest ethical behavior
  - ▣ Fiscal discipline and accountability
  - ▣ Continuous Improvement
  - ▣ First-rate customer service
  - ▣ Fairness
  - ▣ Citizen engagement
  - ▣ Straight-forward, transparent communications

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# Scope of City Services

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Funds	Employees	Budget	Source
General	903.73	\$82,128,036	Taxes
Water & Sewer	119.54	40,924,938	Fees
Solid Waste	102.34	17,413,996	Fees
Drainage Utility	43.27	4,970,262	Fees
Aviation	39.68	3,214,614	Fees
Other	73.52	31,550,730	Restricted, Grants, Debt Service
TOTAL	1,282.08	\$180,202,576	

# Budget Calendar

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Date	Event	Action
Jan – Apr	Strategic Phase	
Apr – Jun	Department Mechanics	
Jun – Jul	Balancing Phase	
August 7	City Council Workshop & Special City Council Meeting	Present Proposed Budget to City Council; Budget Workshop 1 of 4; Announce Public Hearing on Budget
August 14	City Council Meeting & Special City Council Workshop	City Council feedback on initial budget presentation; Budget Workshop 2 of 4
August 21	City Council Workshop & Special City Council Meeting	Budget Workshop 3 of 4; Set preliminary effective tax rate
August 28	City Council Workshop (if needed)	Budget Workshop 4 of 4
September 1-7	Citizen Workshop	Budget presentation to citizens
September 4	City Council Meeting & Special City Council Workshop	1 of 2 Tax rate hearings; 1 of 1 Budget public hearing
September 11	City Council Meeting	2 of 2 Tax rate hearings
September 18	Special City Council Meeting	Budget adopted; tax rate set

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# Budget Policies

## What We Have

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- Texas Property Tax Code – Section 26
  - ▣ Establishes deadline for certified roll (July 25<sup>th</sup>) and date governing body receives effective and roll back rate (August 7<sup>th</sup>). Also sets forth requirements for adopting tax rate.
- Local Government Code – Title 4, Section 102
  - ▣ Provides guidelines for budget presentation and process to adopt annual budget.
- City Charter
  - ▣ Provides additional guidelines for the submittal of the proposed budget and budget adoption.
- City Financial Policies

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# Strategic Issues

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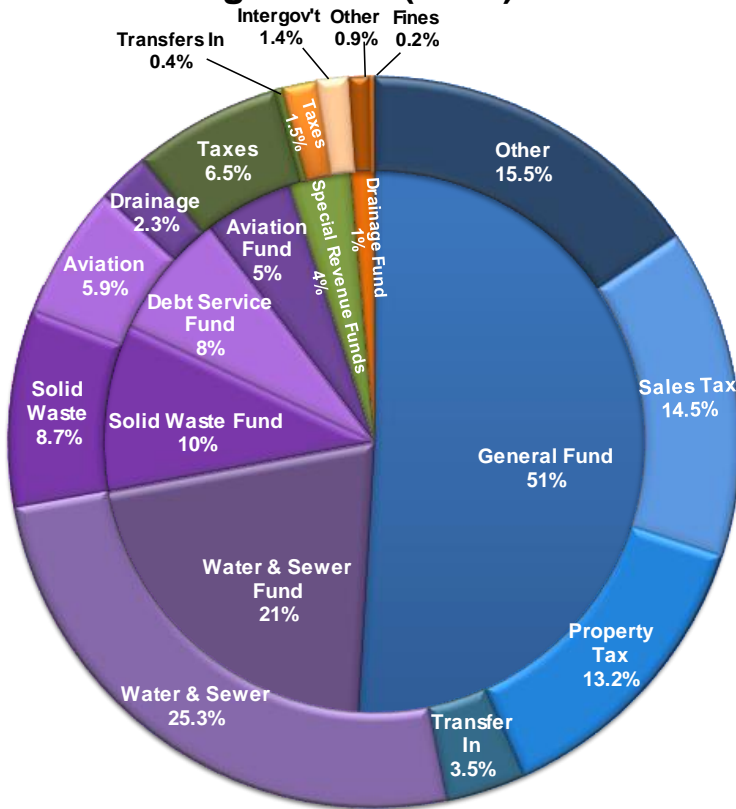
- ❑ Balance Budget
- ❑ Compensation Equity
- ❑ Retirement (TMRS)
- ❑ Deferred Street Maintenance
- ❑ Deferred Building Maintenance

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# The Organization by Fund

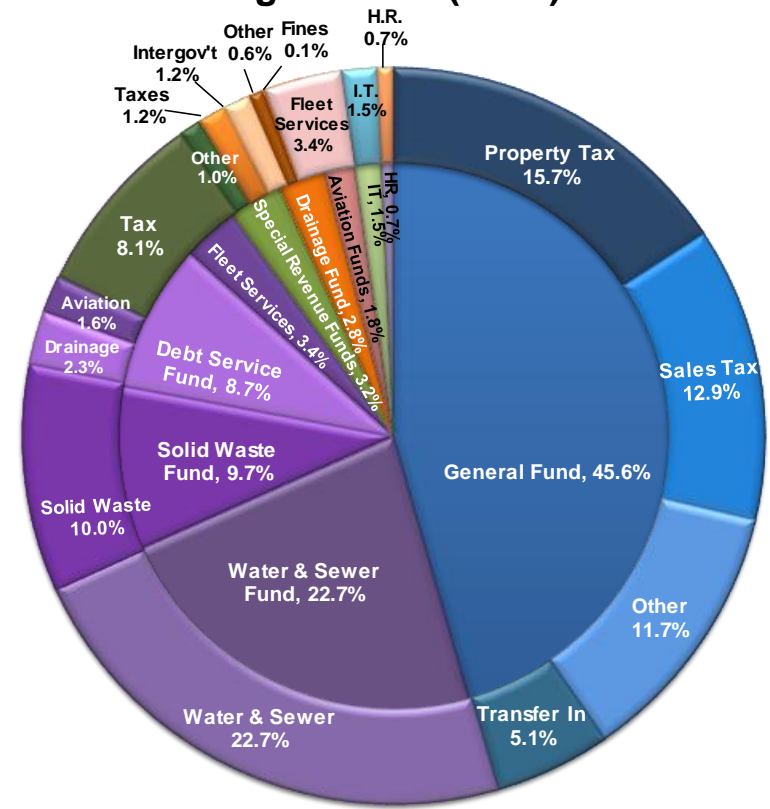
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**FY 2008**  
**Revenues, Expenses &  
 Other Financing Sources(Uses)- All Funds\***



Total Revenues = \$137,049,081  
 Total Expenses = \$129,271,792

**FY 2018**  
**Revenues, Expenses &  
 Other Financing Sources (Uses)- All Funds\***



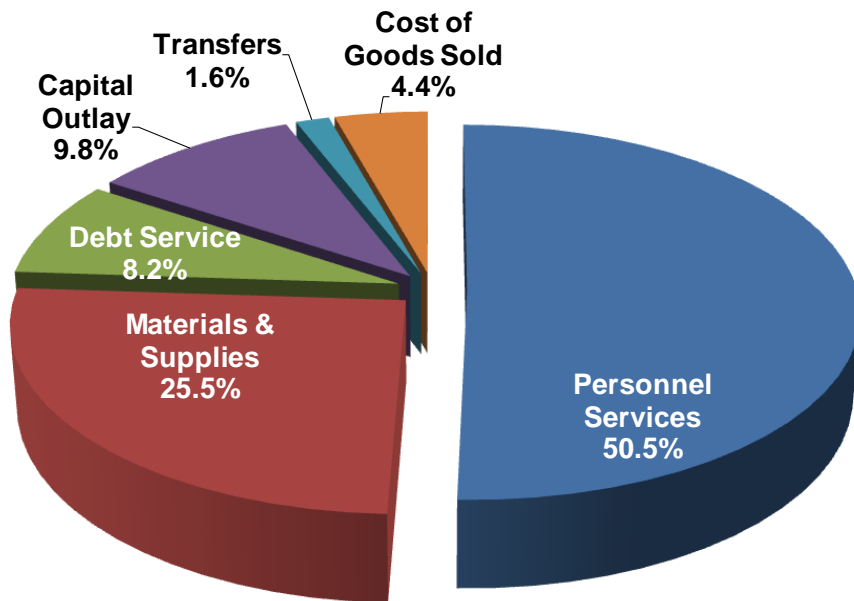
Total Revenues = \$180,548,787  
 Total Expenses = \$180,202,576

\*Does not include Capital Projects

# Expenses by Category

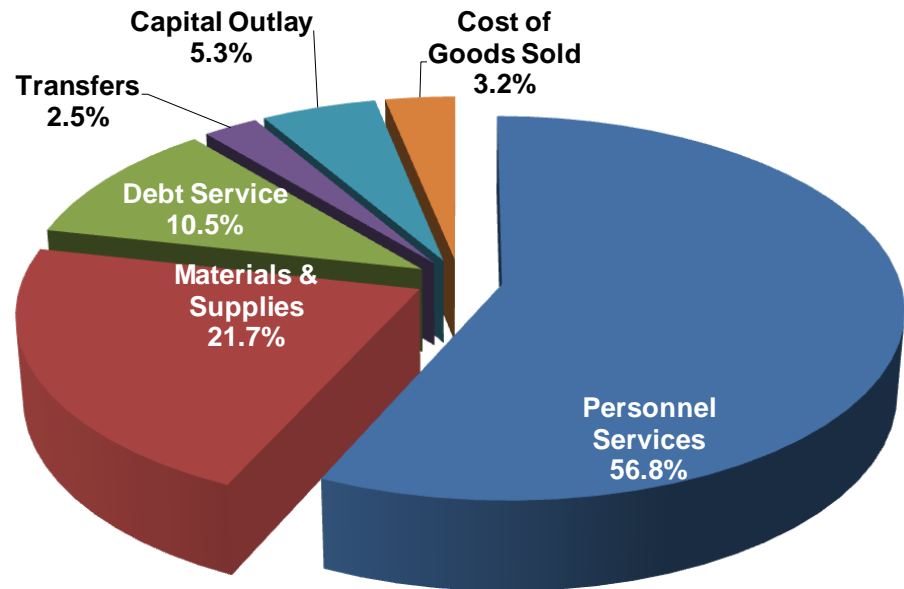
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**FY 2008 Actual\***  
**All Funds Expenses by Category**



Total Expenses = \$135,463,425

**FY 2018 Budget\***  
**All Funds Expenses by Category**



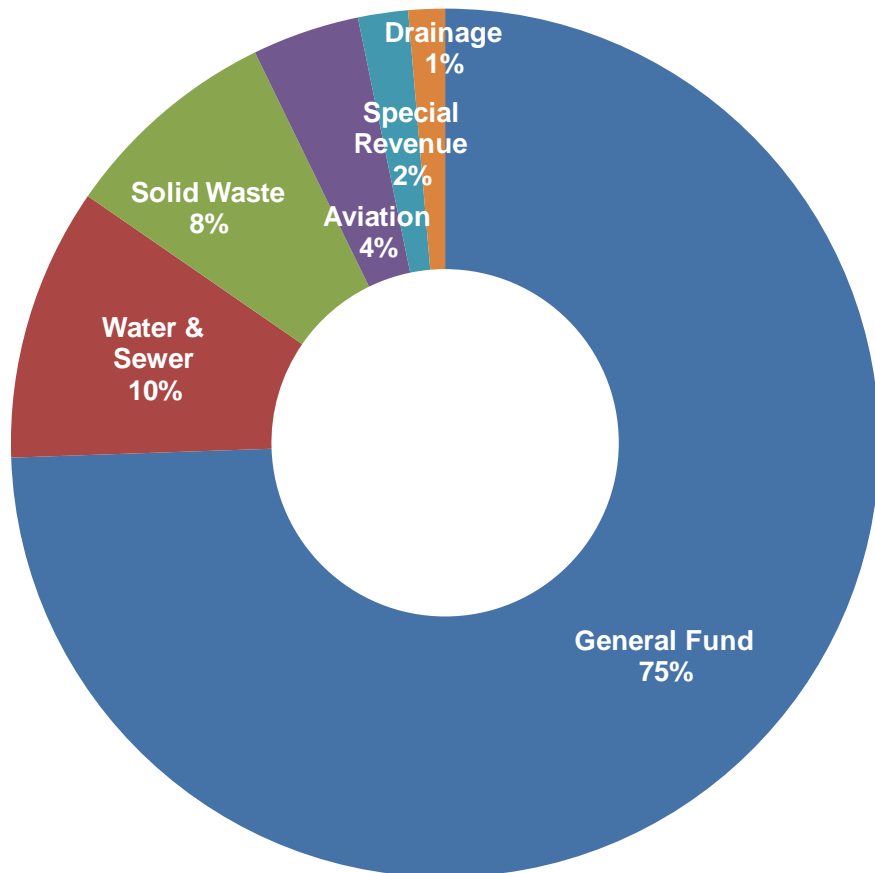
Total Expenses = \$176,171,588

\*Does not include Capital Projects

# Staffing by Fund

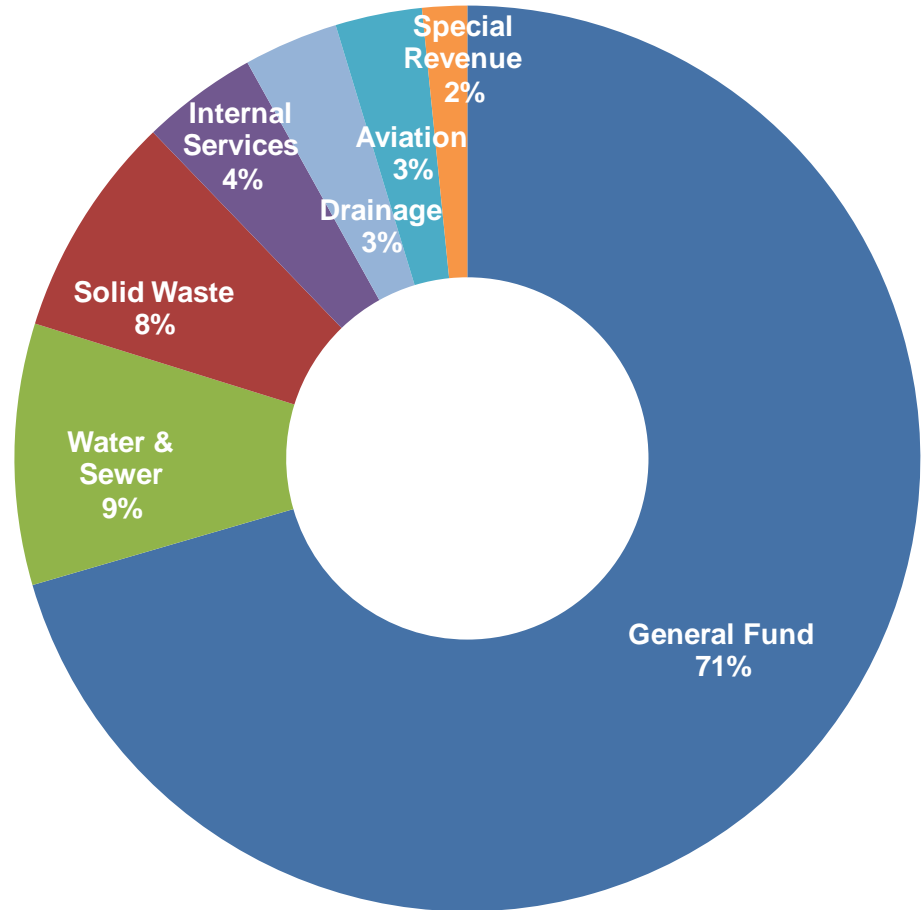
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## 2008 Actual FTE's by Fund



Total = 1,102.0 FTEs

## 2018 Budget FTE's by Fund



Total = 1,282.08 FTEs



# Employees by Fund

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2008 Actual FTEs	
Fund	Number of FTEs ↓
General Fund	820.5
Water & Sewer	112.0
Solid Waste	90.0
Aviation	44.0
Special Revenue	20.5
Drainage	<u>15.0</u>
Total	1,102.0
FTEs per 1,000 Residents	9.8

2018 Budget FTEs	
Fund	Number of FTEs ↓
General Fund	903.7
Water & Sewer	119.5
Solid Waste	102.3
Internal Services	53.0
Drainage	43.3
Aviation	39.7
Special Revenue	<u>20.5</u>
Total	1,282.0
FTEs per 1,000 Residents	8.7

# Employees by Comparison

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City	Population	Number of FTEs	FTEs per 1,000 Residents ↓
McAllen <sup>1</sup>	145,478	2,236	15.37
Amarillo <sup>1</sup>	202,163	2,494	12.34
Waco <sup>1</sup>	136,849	1,567	11.45
Temple <sup>1</sup>	75,896	866	11.41
Beaumont <sup>1</sup>	118,299	1,293	10.93
Abilene <sup>1</sup>	123,799	1,222	9.87
Lubbock <sup>1</sup>	260,449	2,342	8.99
<b>Killeen</b>	<b>148,228</b>	<b>1,282</b>	<b>8.65</b>
Copperas Cove <sup>1</sup>	32,925	279	8.46
Harker Heights <sup>1</sup>	30,646	249	8.13
Mesquite <sup>3</sup>	145,780	1,166	8.00
Belton <sup>2</sup>	21,885	169	7.72
Pasadena <sup>3</sup>	155,270	1,056	6.80

Source Documents: Population – Estimates using regression analysis;  
 FTEs – 1 denotes 2018 Budget, 2 denotes 2017 CAFR and 3 denotes 2016 CAFR

# Council Budget Priorities

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- Public safety.
- Future street funding.
- Better paying jobs.
- Balance current plans with future \$.

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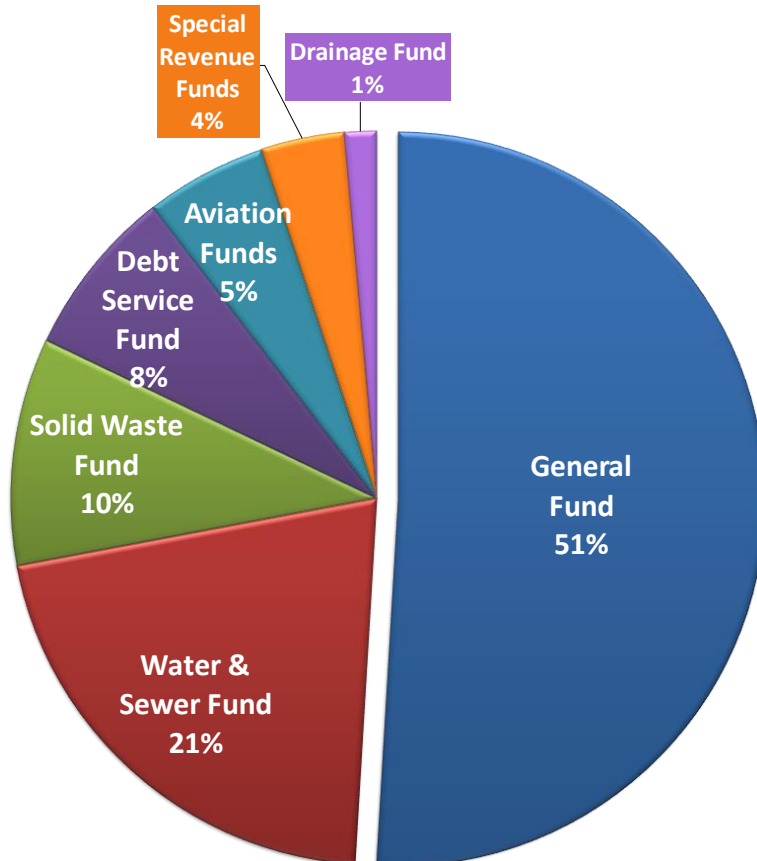


## How General Fund fits into the Enterprise

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**FY 2008**

**Actual Expenditures**

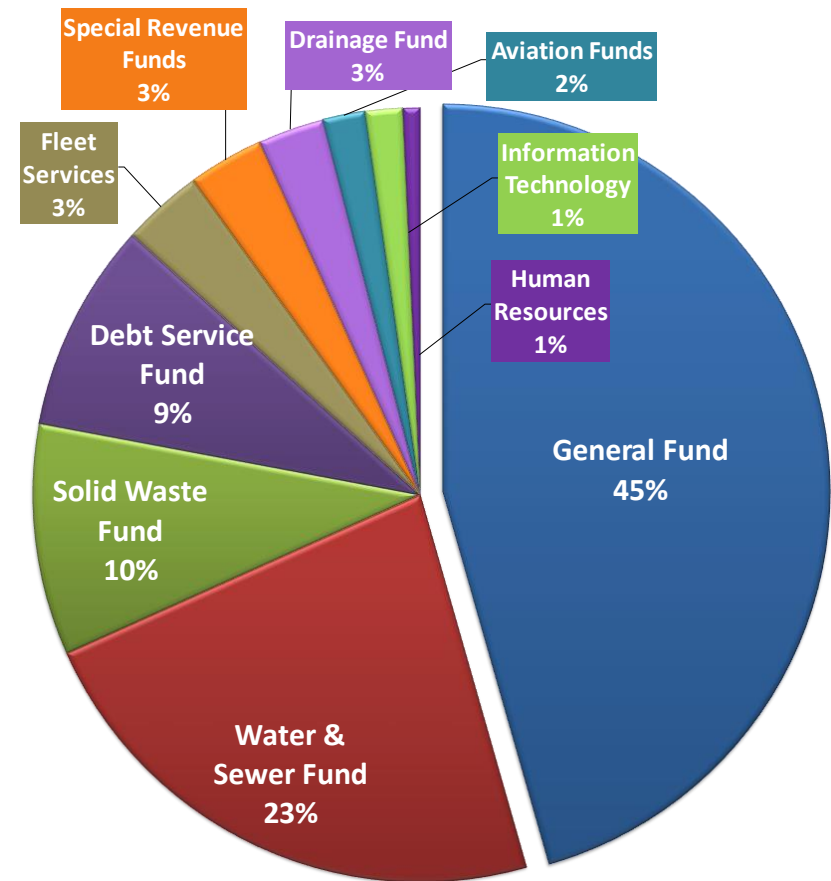


Total General Fund = \$65,858,514

Total All Funds = \$129,271,792

**FY 2018**

**Adopted Budget Expenditures**



Total General Fund = \$82,128,036

Total All Funds = \$180,202,576

\*Does not include Capital Projects

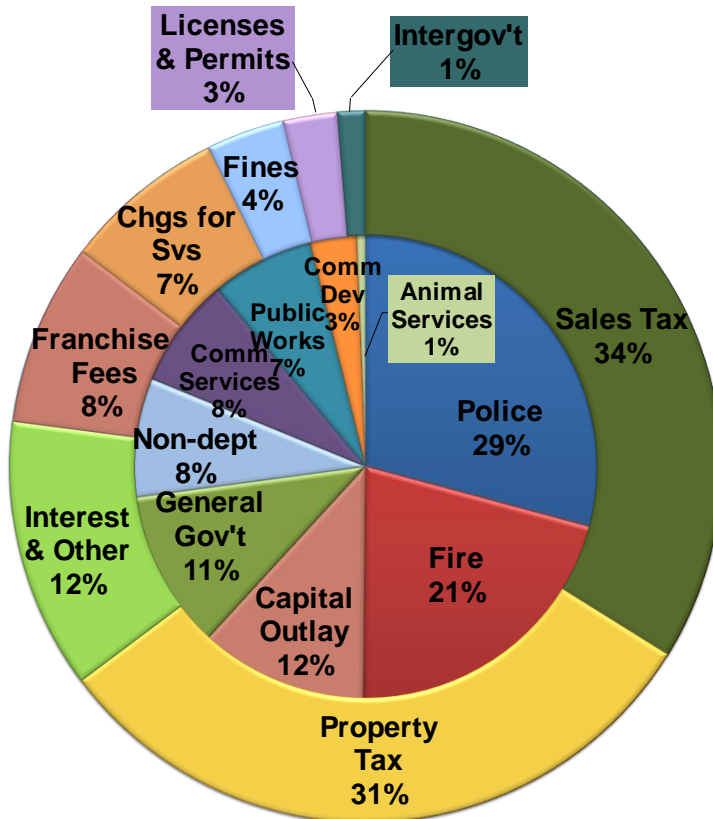
# General Fund

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FY 2008

General Fund

Revenue &amp; Expenditures by Category



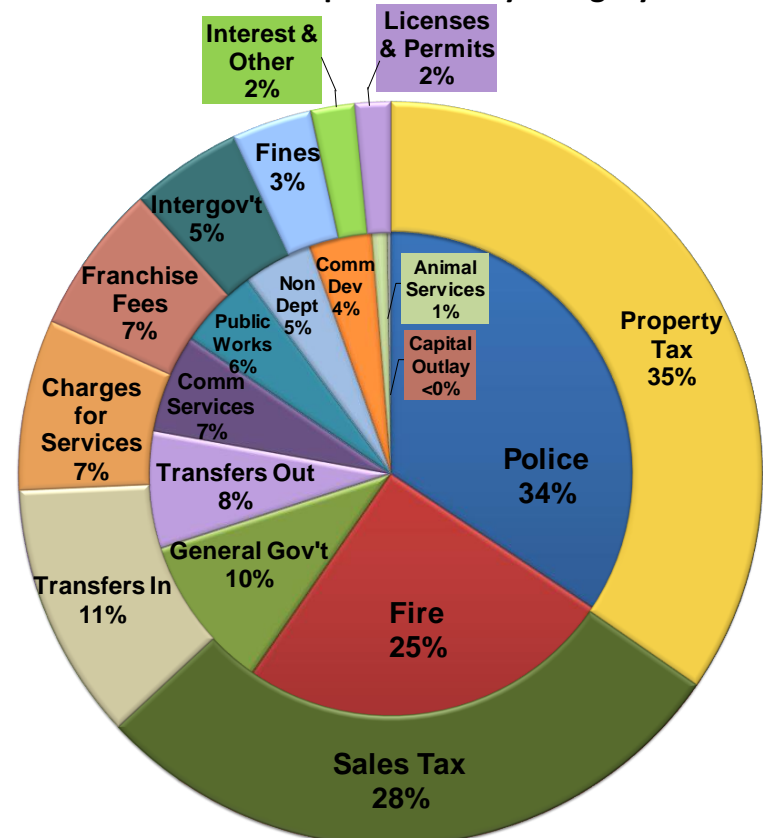
Total Revenue = \$58,764,549

Total Expenditures = \$65,532,942

FY 2018

General Fund

Revenue &amp; Expenditures by Category



Total Revenue = \$82,128,036

Total Expenditures = \$82,128,036

# General Fund

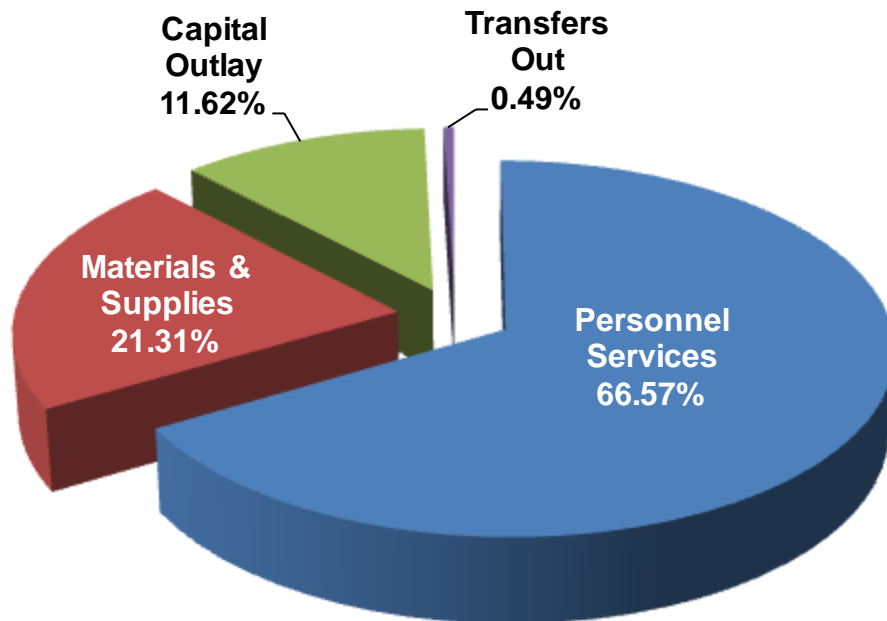
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**FY 2008**

**Actual**

**General Fund Expenditures by Category**

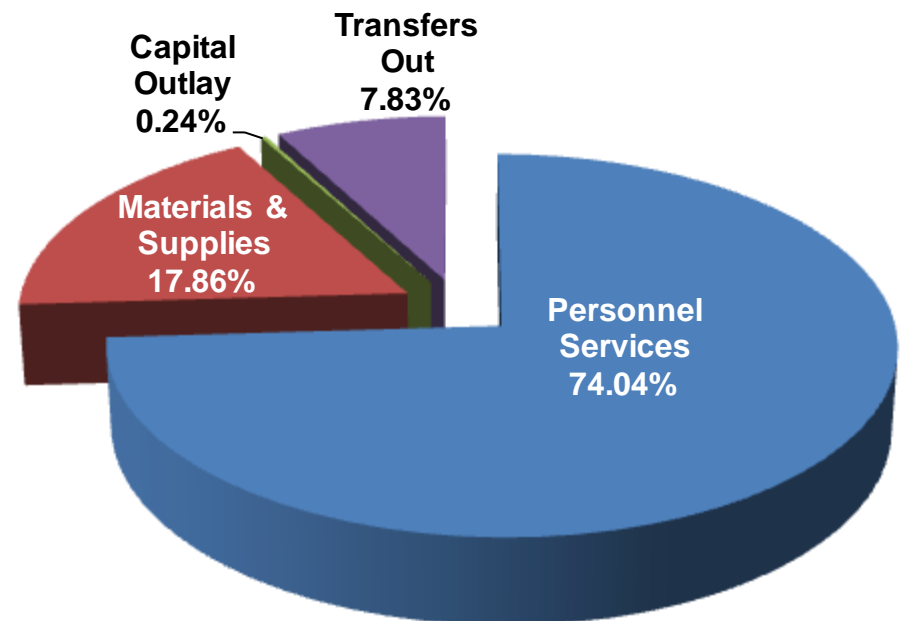


Total = \$65,858,513

**FY 2018**

**Adopted Budget**

**General Fund Expenditures by Category**



Total = \$ 82,128,036

# General Fund Staffing

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Department	2008 FTEs	FTEs per 1,000 Residents	2018 FTEs ↓	FTEs per 1,000 Residents
Police	298.0	2.65	358.0	2.42
Fire	195.0	1.73	237.0	1.60
Comm Svcs	100.0	0.89	92.2	0.62
Public Works	57.0	0.51	57.2	0.39
Comm Dev	49.0	0.44	54.3	0.37
Planning & Dev	31.0	0.28	36.0	0.24
Municipal Court	23.0	0.20	19.7	0.13
Finance	22.0	0.20	18.0	0.12
Human Resources	11.0	0.10	12.0	0.08
Legal	8.0	0.07	8.0	0.05
Public Information	3.5	0.03	7.0	0.05
City Manager	8.0	0.07	3.3	0.02
City Auditor	1.0	0.01	1.0	0.01
Info Tech	<u>14.0</u>	<u>0.12</u>	<u>0.0</u>	<u>0.00</u>
Total	<u>820.5</u>	<u>7.30</u>	<u>903.7</u>	<u>6.10</u>

Source Documents: Population – 2008 US Census Data and 2018 calculated using regression analysis;  
FTEs – 2018 Adopted Budget



# General Fund

## Employees by Comparison

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City	Population	Number of FTEs	FTEs per 1,000 Residents ↓
McAllen <sup>1</sup>	145,478	1,625	11.17
Beaumont <sup>1</sup>	118,468	1,090	9.20
Amarillo <sup>2</sup>	202,163	1,758	8.70
Abilene <sup>1</sup>	123,799	999	8.07
Waco <sup>1</sup>	136,849	1,037	7.58
Harker Heights <sup>1</sup>	30,646	212	6.92
Mesquite <sup>3</sup>	145,780	1,001	6.87
Copperas Cove <sup>1</sup>	32,925	202	6.13
<b>Killeen <sup>1</sup></b>	<b>148,228</b>	<b>904</b>	<b>6.10</b>
Temple <sup>2</sup>	75,896	457	6.02
Lubbock <sup>2</sup>	260,449	1488	5.71
Pasadena <sup>3</sup>	155,270	873	5.62
Belton <sup>2</sup>	21,885	97	4.43

Source Documents: Population – Estimates using regression analysis;  
FTEs – 1 denotes 2018 Budget, 2 denotes 2017 CAFR and 3 denotes 2017 Budget

# General Fund Revenue

## Historic Perspective

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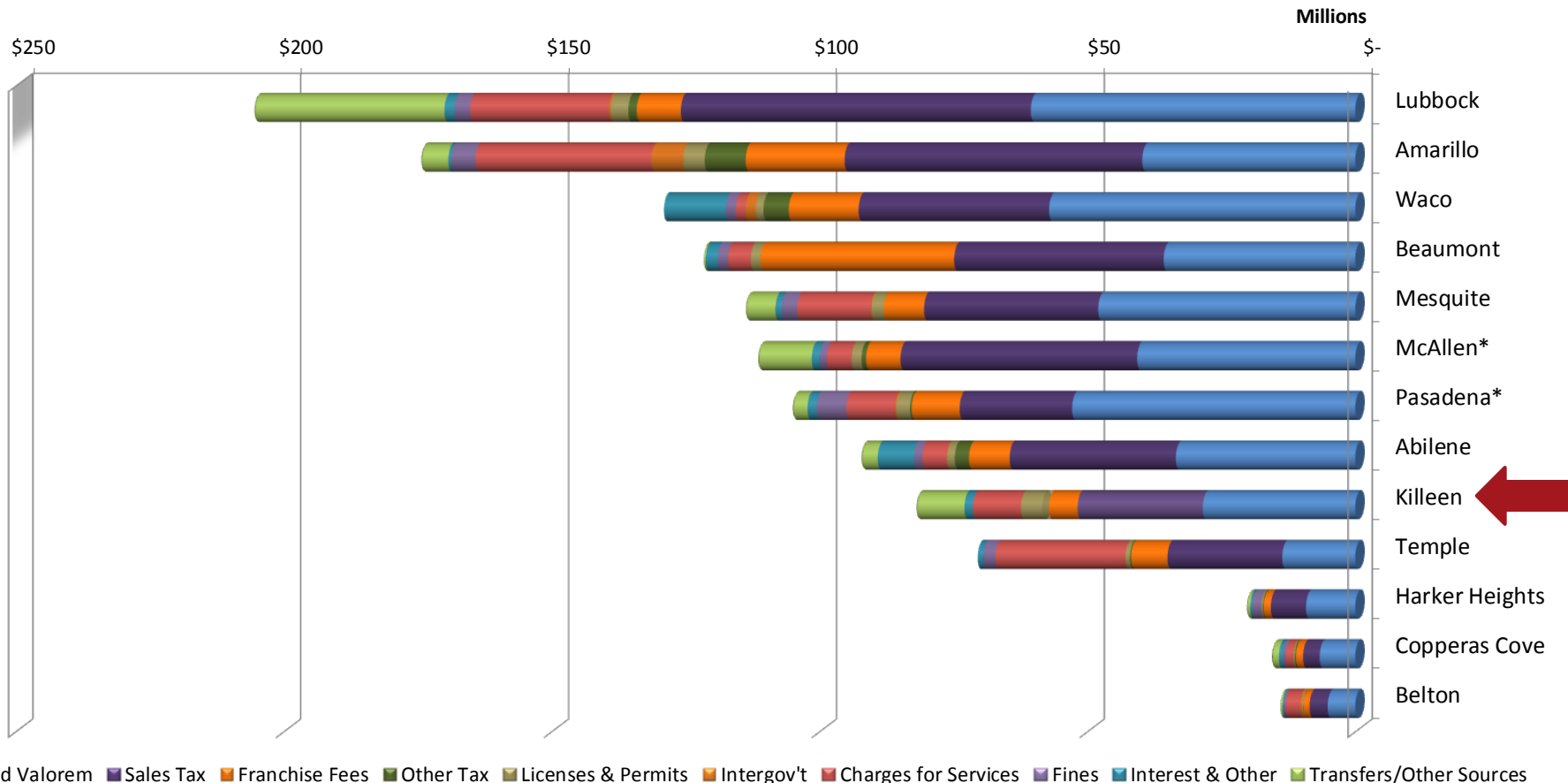
	Actual 2008	Budget 2018	\$'s Increase/ (Decrease)	% of Increase/ (Decrease)
Revenues:				
Taxes				
Property tax	\$ 18,135,342	\$ 28,435,735	\$ 10,300,393	57%
Sales tax	19,901,967	23,376,949	3,474,982	17%
Franchise fees	4,859,782	5,341,797	482,015	10%
Licenses and permits	1,438,989	1,261,993	(176,996)	-12%
Intergovernmental	758,031	3,965,295	3,207,264	423%
Charges for services	4,339,351	6,111,445	1,772,094	41%
Fines	2,087,985	2,851,871	763,886	37%
Developer contributions	5,888,521	-	(5,888,521)	-100%
Interest and other	1,354,581	1,577,822	223,241	16%
Transfer in	6,484,069	9,205,129	2,721,060	42%
<b>Total revenues</b>	<b>\$ 65,248,618</b>	<b>\$ 82,128,036</b>	<b>\$ 16,879,418</b>	<b>26%</b>
<b>Revenue per Capita</b>	<b>\$ 580</b>	<b>\$ 554</b>	<b>\$ (26)</b>	<b>-5%</b>
<b>2009 – 2018 CPI Total of 15.3%</b>	<b>Revenue per Capita Adjusted for Inflation</b>	<b>\$ 458</b>	<b>\$ (122)</b>	<b>-21%</b>

# General Fund Revenue Compared to Other Cities

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## General Fund Revenue Comparison



Source Documents: 2018 Adopted Budgets with the exception of McAllen and Pasadena which use 2018 Proposed Budget data

# General Fund Revenue

## Historic Sales Tax

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Fiscal Year	Tax Rate	Gross Sales	Sales Tax Revenue	Population	Sales Tax per Capita
2009	1.5%	\$ 1,208,279,733	\$ 18,124,196	116,934	\$ 155.00
2010	1.5%	1,263,154,800	18,947,322	129,221	146.63
2011	1.5%	1,244,727,200	18,670,908	131,156	142.36
2012	1.5%	1,326,982,475	19,904,737	134,693	147.78
2013	1.5%	1,357,459,200	20,361,888	136,853	148.79
2014	1.5%	1,359,750,934	20,396,264	138,163	147.62
2015	1.5%	1,435,958,159	21,539,372	140,613	153.18
2016	1.5%	1,452,283,878	21,784,258	143,400	151.91
2017	1.5%	1,502,639,937	22,539,599	145,827	154.56
2018	1.5%	1,529,056,600*	22,935,849*	148,228	154.73

Source Documents: Tax Rate – State Comptroller;  
 Sales – City of Killeen Comprehensive Finance Reports; \*Budgeted 2018;  
 Population – 2008-2016 US Census Bureau; 2017 calculated using regression analysis

# General Fund Revenue

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## Sales Tax per Capita Compared to Other Cities

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City	Sales Tax Rate	Annual Sales Tax	Population	Sales Tax per Capita ↓
Beaumont <sup>1</sup>	1.50%	\$ 38,590,000	118,468	\$325.74
McAllen <sup>1</sup>	2.00%	44,175,080	145,478	303.65
Temple <sup>2</sup>	1.50%	21,420,000	75,896	282.23
Amarillo <sup>2</sup>	2.00%	56,746,822	202,163	280.70
Lubbock <sup>2</sup>	1.50%	70,417,997	260,449	270.37
Waco <sup>1</sup>	1.50%	35,552,310	136,849	259.79
Abilene <sup>1</sup>	2.00%	30,603,940	123,799	247.21
Mesquite <sup>1</sup>	2.00%	35,520,000	145,780	243.65
Harker Heights <sup>1</sup>	1.50%	6,565,000	30,646	214.22
<b>Killeen <sup>2</sup></b>	<b>1.50%</b>	<b>22,539,599</b>	<b>148,228</b>	<b>152.06</b>
Belton <sup>2</sup>	1.50%	3,276,982	21,885	149.74
Pasadena <sup>3</sup>	1.50%	21,000,000	155,270	135.25
Copperas Cove <sup>1</sup>	1.50%	3,093,092	32,925	93.94

Source Documents: Tax Rate – State Comptroller;

Population – US Census Bureau July 1, 2016;

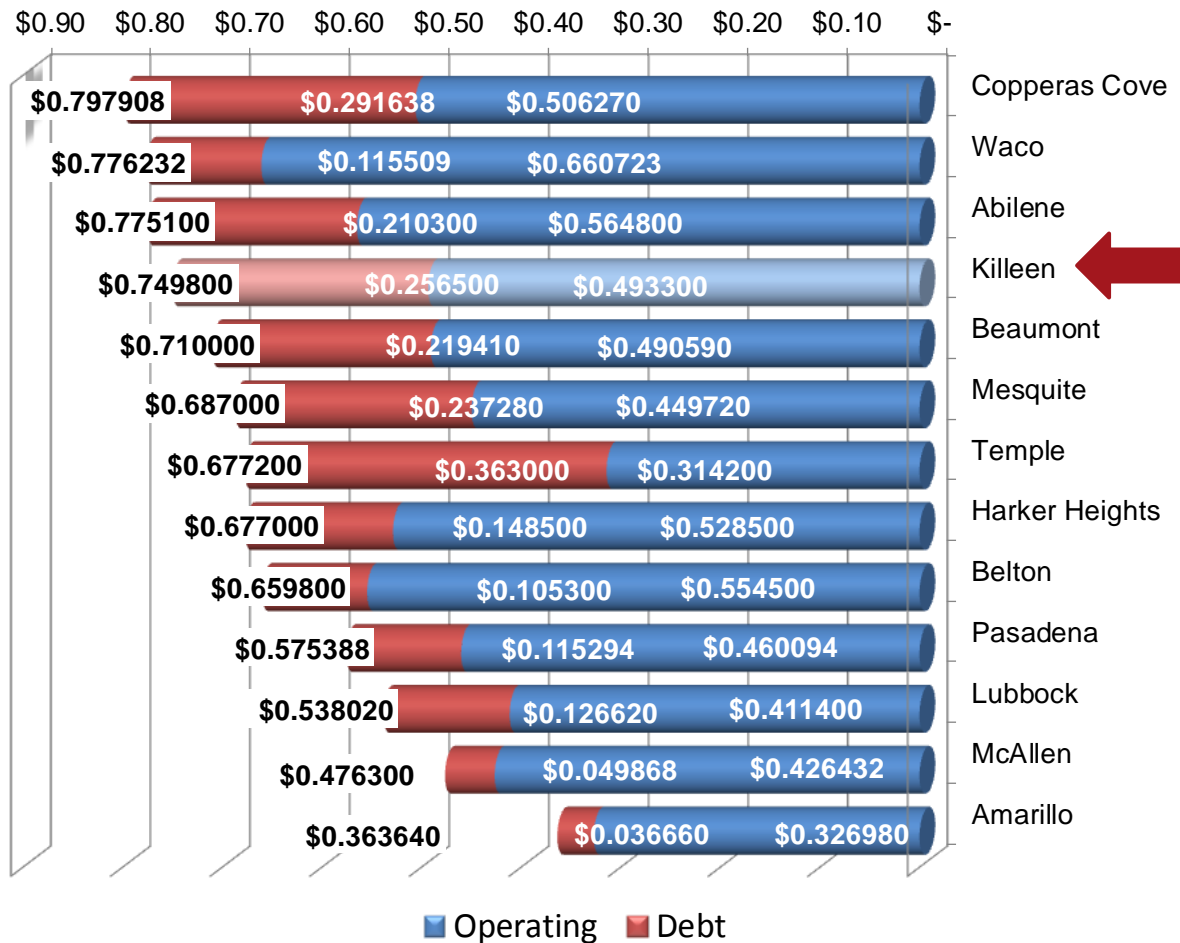
Annual Sales Tax – 1 denotes 2018 Budget; 2 denotes 2017 CAFR; 3 denotes 2018 Proposed Budget

# General Fund Revenue Operations & Debt Comparison

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## FY 2018 Tax Rate Comparison



Source Document: Tax Appraisal Districts of each taxing jurisdiction

# General Fund Revenue

## Historic Property Tax Rate

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<u>Fiscal Year</u>	<u>Total Tax Rate</u>	<u>Freeze Adjusted Taxable Value</u>	<u>Exemption Value</u>	<u>Exemptions % of Value</u>	<u>Value of Exemption</u>
2008	\$ 0.6950	\$ 3,972,782,440	\$ 370,590,698	9%	\$ 2,575,605
2009	0.6950	4,400,933,543	389,272,462	9%	2,705,444
2010	0.6950	4,393,080,749	481,935,337	11%	3,349,451
2011	0.7428	4,395,993,060	535,751,159	12%	3,979,560
2012	0.7428	4,520,459,969	553,300,701	12%	4,109,918
2013	0.7428	4,599,097,718	606,059,551	13%	4,501,810
2014	0.7428	4,795,024,710	662,109,123	14%	4,918,147
2015	0.7498	4,811,164,418	755,476,941	16%	5,664,566
2016	0.7498	4,943,248,641	840,029,405	17%	6,298,540
2017	0.7498	5,105,756,819	943,288,983	18%	7,072,781
2018	0.7498	5,495,220,469	1,110,668,560	20%	8,327,793
<b>2019 *</b>	<b>0.7498</b>	<b>5,495,220,469</b>	<b>1,299,557,184</b>	<b>24%</b>	<b>9,744,080</b>

In FY 2019, preliminary exemption value lost equates to 17¢ per \$100 valuation

[Note: 1¢ = \$561,347 in revenue]

Source Document: Certified Rolls for each tax year from Tax Appraisal District of Bell County; \*Preliminary for 2019

## Taxable Valuation Compared to Other Cities

Source Documents: 2017 Certified Rolls from each taxing jurisdiction; Per household calculated using housing unit information from US Census Bureau

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City	Tax Rate	Market Value	Exemptions	Tax Valuation	Per Household↓
McAllen	\$0.476300	\$11,447,862,851	\$1,611,587,992	\$9,500,935,824	\$207,164
Waco	0.776232	12,572,694,492	3,146,312,296	9,249,863,059	179,777
Lubbock	0.538020	17,546,710,314	568,152,128	17,041,610,145	177,654
Harker Heights	0.677000	2,112,829,446	299,686,624	1,806,143,195	164,277
Temple	0.657200	6,053,778,968	1,418,880,200	4,574,738,305	155,042
Belton	0.659800	1,477,406,418	404,748,160	1,057,247,293	150,876
Amarillo	0.664020	13,321,503,847	2,102,746,587	12,787,774,041	150,259
Pasadena	0.575388	9,833,745,871	1,912,716,296	7,921,029,575	146,961
Beaumont	0.690000	8,911,720,615	1,431,295,330	7,426,450,851	146,510
Mesquite	0.687000	8,941,056,550	611,943,210	7,313,706,140	140,778
Abilene	0.775100	9,647,891,039	3,482,033,358	6,103,940,376	127,743
<b>Killeen</b>	<b>0.749800</b>	<b>6,918,479,682</b>	<b>1,110,668,560</b>	<b>5,772,164,539</b>	<b>107,064</b>
Copperas Cove	0.797908	1,521,588,230	249,266,575	1,272,930,683	97,215

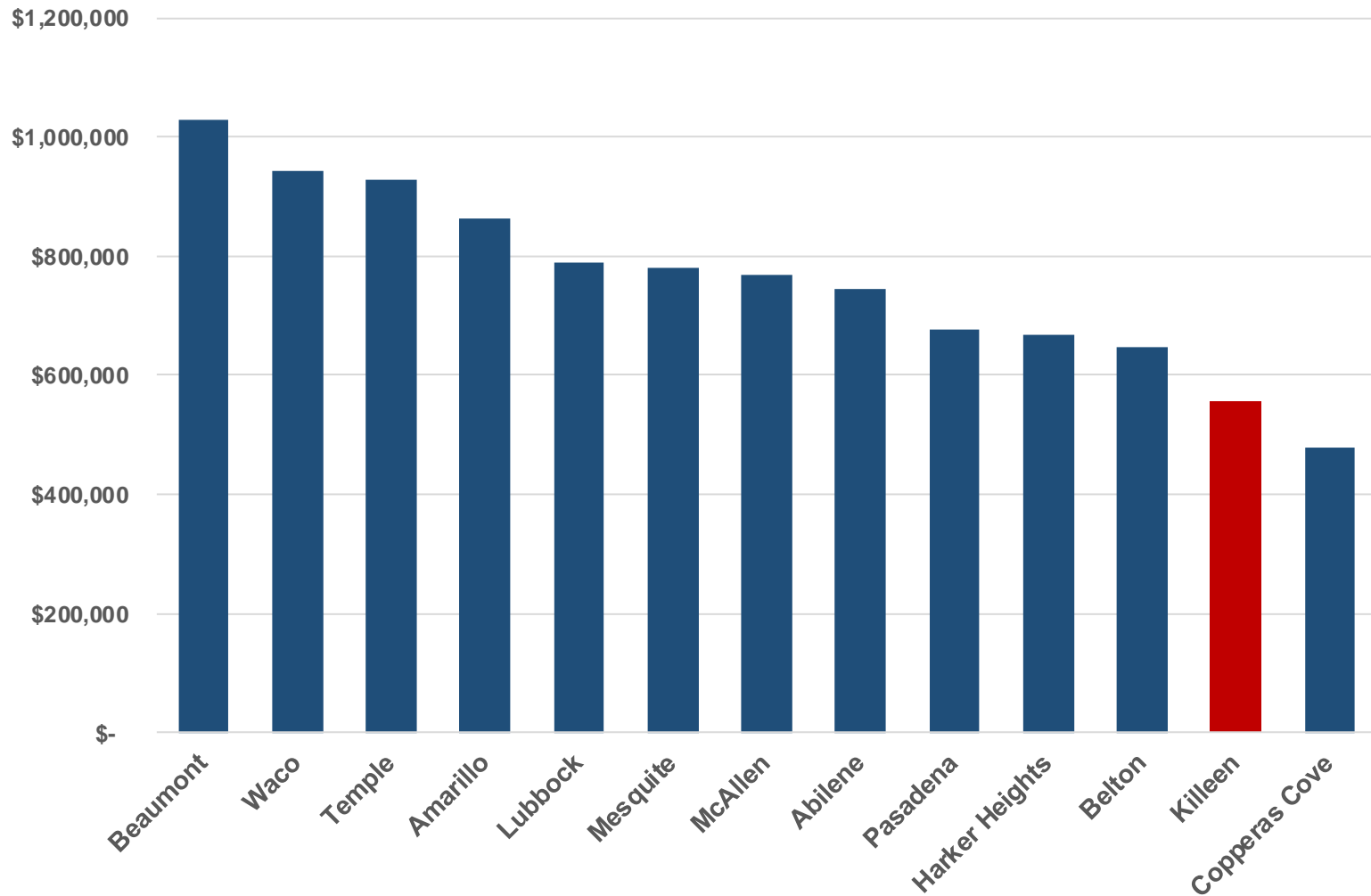


# General Fund Revenues by Comparison

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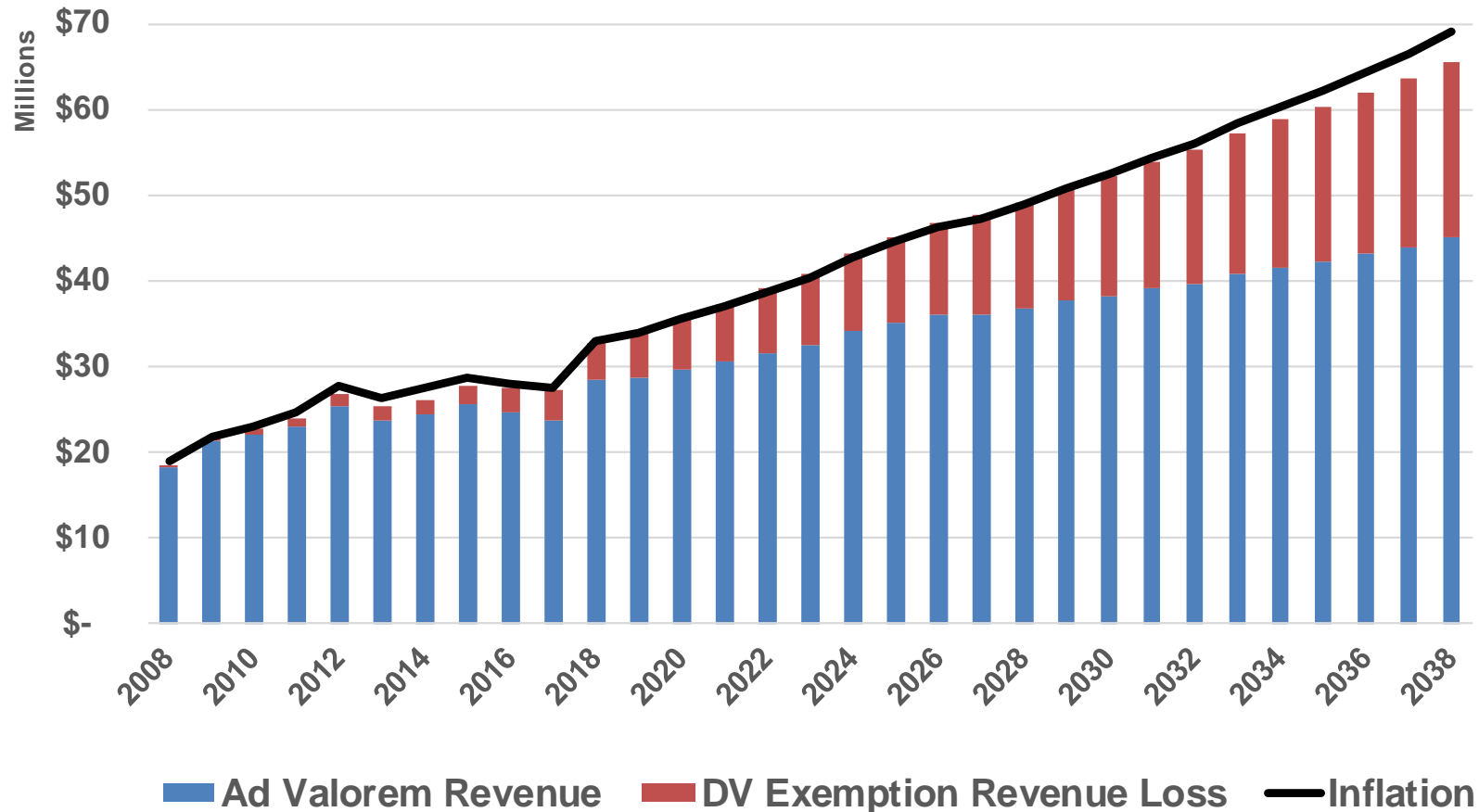
Revenue per 1,000 Population



# Ad Valorem Forecast

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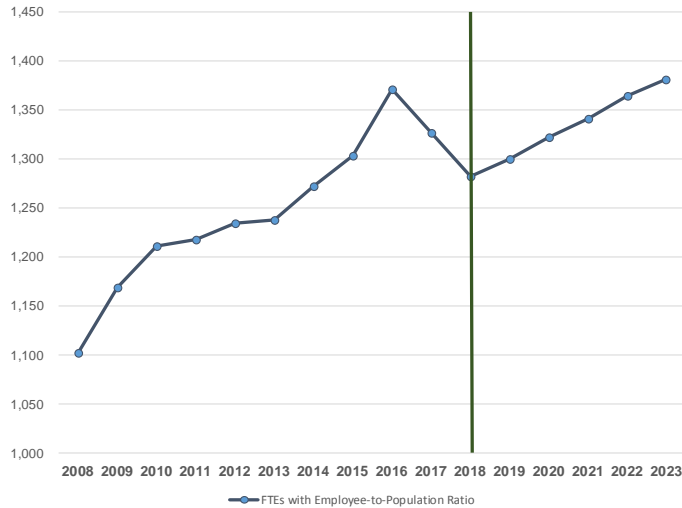
Ad Valorem Forecast



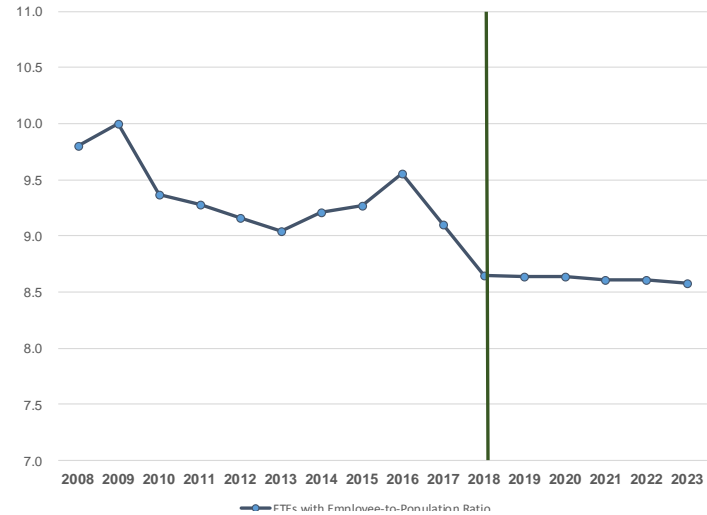
# Staffing

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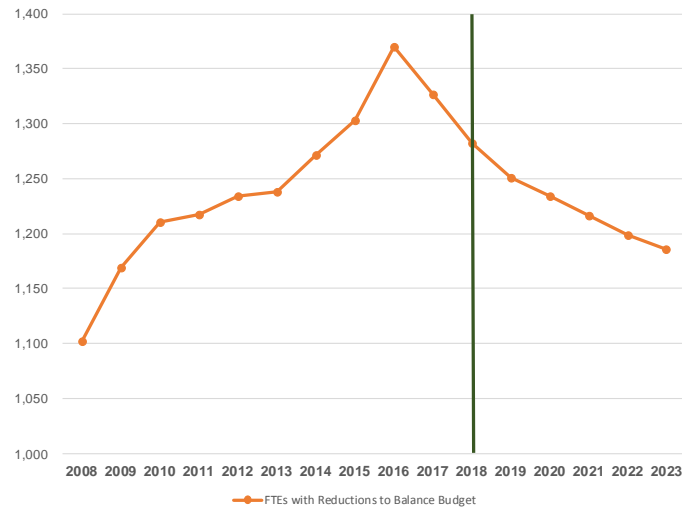
City of Killeen FTEs



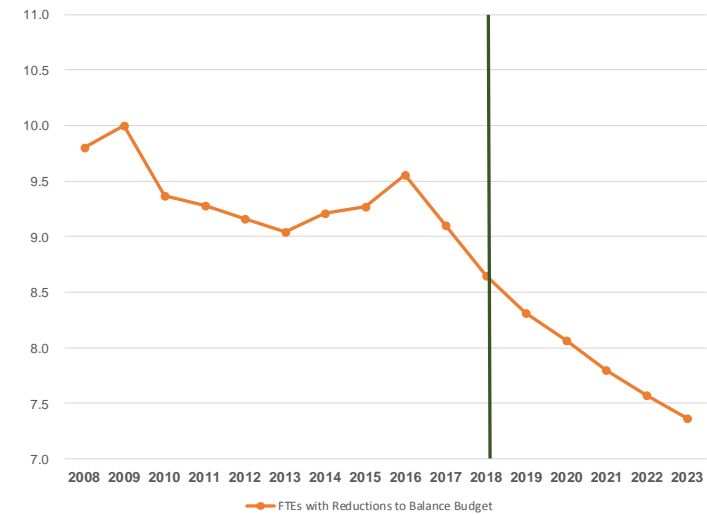
City of Killeen FTEs per 1,000 Population



City of Killeen FTEs



City of Killeen FTEs per 1,000 Population



# General Fund Revenue

## Preliminary 2019 Projections

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	Adopted Budget 2018	FORECAST				
		2019	2020	2021	2022	2023
Revenues:						
Taxes						
Property tax	\$ 28,435,735	\$ 28,572,595	\$ 29,485,185	\$ 30,398,615	\$ 31,328,980	\$ 32,285,413
Sales tax	23,376,949	23,962,859	24,563,704	25,179,864	25,811,728	26,459,693
Transfer in	9,205,129	9,368,980	9,535,748	9,705,484	9,878,242	10,054,075
Charges for services	5,903,699	5,888,987	5,884,818	5,887,822	5,897,677	5,914,121
Franchise fees	5,341,797	5,415,397	5,490,075	5,565,848	5,642,733	5,720,749
Intergovernmental	3,965,295	2,112,806	1,608,744	1,474,972	1,474,972	1,474,972
Fines	2,851,871	3,053,076	3,268,476	3,499,073	3,745,940	4,010,223
Licenses and permits	1,548,257	1,556,665	1,566,230	1,576,946	1,588,807	1,601,812
Interest and other	1,499,304	1,541,246	1,613,661	1,711,941	1,835,130	1,984,762
<b>Total Revenues</b>	<b>\$ 82,128,036</b>	<b>\$ 81,472,611</b>	<b>\$ 83,016,641</b>	<b>\$ 85,000,566</b>	<b>\$ 87,204,209</b>	<b>\$ 89,505,820</b>

### -Property Tax Increase

FY 2019 assumes 0% increase in taxable value

Taxable valuation increase 2.12% as forecasted by regression analysis

Increase recognized in maintenance and operation

### -Intergovernmental Reduction

Public Safety Grants - \$1.8 million

# Strategic Issues

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- ❑ Balance Budget
- ❑ Compensation Equity
- ❑ Retirement (TMRS)
- ❑ Deferred Street Maintenance
- ❑ Deferred Building Maintenance

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# General Fund 5 Year Forecast

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## General Fund 5 Year Forecast

